Department of Finance

News Release

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Budget 2008: Responsible Leadership for Uncertain Times

Building on the Government's 2007 Economic Statement, the Honourable Jim Flaherty, Minister of Finance, today tabled a balanced, focused and prudent budget to strengthen Canada amidst global economic uncertainty. Budget 2008 continues reducing debt and taxes, focuses government spending, and provides additional support for sectors of the economy that are struggling in this period of uncertainty.

In fact, this year alone the Government is injecting $21 billion of stimulus into the Canadian economy. As a share of the economy, this is significantly greater than the stimulus package offered by the U.S.

"Our Government is meeting the challenge of global economic uncertainty with a plan that is real, a plan that is responsible, a plan that is working," said Minister Flaherty. "In the weeks to come, Canadians will see $2.9 billion in retroactive personal tax relief that was announced in the fall. We didn't wait, we acted and Canadians can see the results."

Budget 2008 also provides the most important federally driven personal finance innovation since the introduction of the Registered Retirement Savings Plan (RRSP): the Tax-Free Savings Account. This flexible, registered, general-purpose account will allow Canadians to watch their savings—including interest income, dividend payments and capital gains—grow tax-free.

"The Tax-Free Savings Account is the first of its kind in Canadian history," said Minister Flaherty. "It will provide all Canadians with a powerful incentive to save. An RRSP is primarily intended for retirement, but the Tax-Free Savings Account is like an RRSP for everything else in your life."

Budget 2008 also demonstrates responsible leadership by:

- **Reducing debt.** Since taking office, the Government has reduced the federal debt by more than $37 billion, including $10.2 billion this fiscal year. The Government's aggressive debt reduction has resulted in ongoing interest savings of $2 billion per year. Under the Tax Back Guarantee, the benefits of debt reduction are passed on to Canadians in the form of lower personal income taxes.

- **Strengthening Canada's tax advantage.** Since taking office, the Government has delivered almost $200 billion in tax relief over this and the next five years. Budget 2008 extends accelerated capital cost allowance treatment for the manufacturing and processing sector by three years on a declining basis—this will provide these businesses with an additional $1 billion in tax relief.

- **Investing in the country's manufacturing heartland.** In February 2008, Parliament passed the Government's $1-billion Community Development Trust to support communities and workers. Budget 2008 builds on this investment by providing $250 million for an Automotive Innovation Fund to help Canada's automotive sector adapt to the challenges of the future.

- **Investing in the priorities of Canadians.** Budget 2008 is providing $400 million to hire 2,500 new front-line police officers over the next five years. Budget 2008 also supports the reduction of greenhouse gas emissions and will improve the safety systems for food, consumer and health products.

"We have come to a fork in the road," said Minister Flaherty. "Some would have us go down the path to higher spending, higher interest payments and higher taxes. That approach is misguided. Our Government is taking the path that requires focus, prudence and discipline."

Further information on Budget 2008 can be obtained by visiting the Department of Finance website or by phoning 1-800-O-Canada (1-800-622-6232) or 1-800-926-9105 (TTY for the speech and hearing impaired/deaf).

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